

Handloom News

February 2003, Issue 1

For Private Circulation Only

Dear friends,

Greetings. Welcome to the first issue of Handloom News from Centre for Handloom Information and Policy Advocacy (CHIP). In times, when enormous changes are taking place and more are promised by policies, events and happenings, it is important to look at the quality of change and the change process. This becomes much more important when change is affecting and is likely to affect large number of people, who remain outside the decision-making processes and structures.

CHIP was established by Centre for Resource Education, Hyderabad, with the support of Oxfam, Great Britain, with the aim of enabling the handloom sector to be involved in the change process and benefit from the changes. CHIP has envisaged for itself a programme of information development and sharing with the cooperation and participation of stakeholders of handloom sector and friends of handloom sector. This newsletter is one such effort.

Presently, handloom weavers are facing severe livelihood crisis because of adverse government policies, globalisation and changing socio-economic conditions. While earlier advocates of handloom sector within policy making circles were extremely popular, and their arguments were valued, presently there is no longer a protagonist section. As a result, decisions of the government have been extremely adverse, retrograde and detrimental to the interests of the handloom weavers. This sector, estimatedly, provides employment for more than ten million people and is second largest rural employment provider next to agriculture. In Andhra Pradesh, there are more than 3 lakh handloom weaving families. In comparison with other traditional rural sectors, handloom weaving is a full-time family profession, involving all the members of the family.

In this issue, we decided to focus on the need for preserving employment in handloom sector through some positive policies of the government, given the serious unemployment situation in India. We also feature the present plight of handloom weavers through individual case studies. This newsletter would also give you information on past and upcoming events.

We look forward to your suggestions and contributions.

D. Narasimha Reddy

Rising Unemployment in India: Need to protect employment in Handloom sector

While there is no controversy over the fact that handloom sector is largest employer next only to agriculture, of late policies and decisions of the government have been discriminatory, endangering existing employment in the midst of growing unemployment. Its labour intensive character,

decentralized nature and optimum utilization of scarce capital resources give handloom sector a unique position in the Indian economy. In the language of economics, handloom provides both self-employment and casual employment. However, weaving is not low quality employment, as is bandied in many of the official reports. Ofcourse, there are some jobs within the handloom

“The major contribution of handloom sector is however in terms of providing employment to 124 lakhs people and thus stands next to agriculture. Out of this, 60% are women, 12% SC and 20% ST (Ministry of Textiles: 2001).

sector which do not require particular skills, but hard labour and practice. These are the jobs which are increasingly being accessed by intermigration labour force from agriculture and other sectors. In

Unemployment in India is on the rise. This finding is supported by several reports - this includes reports of the Task Force on Ten million Jobs, the Task Force on Employment Opportunities

Government of Andhra Pradesh claims to have created an employment of 8,96,409, with a total investment of Rs.9,977.92 crores. This works out to an investment of Rs.1,11,309.00 per person. While the governments are ready to invest such a huge amount to create employment they also bring in policies which cause unemployment, and have shown general reluctance in protecting the jobs.

major handloom centers, this is the kind of employment which is far more popular. Apart from agriculture, handloom sector remains the major source of self-employment and casual employment. Government has been ignoring this real situation. The Task Force on Ten Million Jobs of the Planning Commission says handloom has the job creation capacity for 0.40 million jobs. Yet, government has been pursuing policies which are detrimental to longevity of the sector.

Unemployment has been and remains a much more serious problem in India than is usually supposed by researchers and policy-makers. Between 1977-78 and 1993-94, India's population increased from 639.1 million to 902.8 million implying a growth rate of 2.2 per cent per annum while its labour force grew from 276.3 million to 385.5 million implying a growth rate of 2.1 per cent per annum. General employment conditions in India actually appear to have been deteriorating even though employment growth apparently kept pace with labour force growth. Evidence for such claims lies in the changes in the quality of employment. The main indicator of quality of employment is the distribution of employment by what is known as 'employment status'. High-quality employment has shown a general tendency to decline in importance and low-quality employment has shown a general tendency to increase in importance.

Agriculture remains the principal reservoir of surplus labour (i e, of low-quality employment) though the process of inter-sectoral labour transfers seems to have led to the emergence of surplus labour in other sectors as well. Casual employment has been growing in industry and self-employment has been growing in services.

constituted by the Planning Commission, McKinsey Report, Population Census of India 2001, Economic Census of 1998 (CSO) and data from employment exchanges. Concludes the Task Force on Ten Million Jobs: All these Reports bring out a common message that if the experiences of the late nineties are extrapolated i.e., repeated in future, then India is going to face increasingly higher incidence of unemployment, with an ever-increasing gap between the demand for jobs and supply of job opportunities.

The Task Force on Ten Million Jobs cautions that unless the cause of employment is taken up on a high priority and not on "business as usual" basis, the unemployment at the end of the Tenth Plan will reach around 40 million i.e., nearly ten per cent of the labour force, with severe socio-economic implications, especially in certain areas and among certain sections of the population.

Interestingly, this Task Force points out that the present rising unemployment is primarily an outcome of a declining job creating capacity of growth, observed since 1993-94. The employment growth fell to 1.07 per cent per annum (between 1993-94 and 1999-2000) from 2.7 per cent per annum in the past (between 1983 and 1993-94) in spite of acceleration in GDP growth from 5.2 per cent between 1983 and 1993-94 to 6.7 per cent between 1993-94 and 1999-2000. It means that the capacity of job creation per unit of output went down about three times compared to that in the 80s and early 90s. Further, the organised sector's employment generating capacity came down to near zero and in the public sector has been negative in most cases. Hitting the nail on the head, the Task Force gives the following reasons for such decline in job creating capacity. "This is primarily because of (i) the present policy of shedding excess labour that this sector is carrying

in order to meet the growing market competition, often known as rightsizing; (ii) the trend towards increasing capital intensity per unit of output; and (iii) the pattern of growth moving in favour of capital intensive sectors."

In the past, Ajit K. Ghose says, a basic assumption underlying development planning in India was that shortage of capital goods in relation to employable persons constituted the fundamental constraint on growth in the country. However, it was explicitly recognised that the proposed emphasis on capital goods industries would imply a slow growth of employment in the emerging modern sector and hence would do little to alleviate the already serious problems of unemployment and under-employment. From this recognition emerged the idea of relying on traditional as well as modern small-scale industries, which had the virtue of being labour-intensive, for meeting the growing demand for consumer goods. Programmes of support for traditional industries and a policy of reservation of products for modern small-scale industries were regarded as essential components of the growth strategy. While this was the policy, implementation was never properly done.

While the past policies have not been particularly successful, best illustrated by the fact that problems of unemployment and underemployment worry planners and policy-makers of today as much as they did Mahalanobis at the time of formulating the Second Five Year Plan, the present strategy is one of export-oriented industrialization. This, it is believed that, would provide a solution to the problems by accelerating the rate of economic growth and by stimulating growth of relatively employment-intensive production sectors. However, there is no clear view of either the problems or the effectiveness of the new strategy in dealing with the problems.

Among the unemployed, educated and skilled workers are not able to find employment - it is very high nearly touching 25 percent (three times more than the national average of unemployment rate). At the same time, there are shortages in certain sectors. This is because most of the

education and skill development have been geared to satisfy the need of the organised sector. This cannot continue for long. In future, because of the limit in the absorbing capacity for additional employment in the organised sector, education and skills need to be orientated primarily towards the needs of the unorganised sector like agriculture, small industry, services and self-employed. Equally, government has to protect the existing employment in the unorganized sector.

On the basis of the ground reality, wherein the 92 percent of the contribution to employment in the year 1999-2000 came from the unorganised sector, the Task Force concluded that exclusively for generating the desirable high level of employment, we have to target the unorganised sector, including

Parliamentary Standing Committee on Textiles (48th Report):interests of 65 lakh persons should not be lost over the horizon of economic liberalization.

small and medium enterprises, which also cover a large part of the services sector of the economy.

At present, the unorganised sector is contributing nearly 59 per cent in GDP, 92 per cent to employment and also substantially to the exports of the country. In certain areas, in the unorganised sector e.g., in the manufacturing, its growth rate was consistently 2-3 per cent points above the organised manufacturing. Such growth gives confidence about this sector's sustainability. But of late, because of the opening up of the economy with deregulation and market orientation including withdrawal of several key subsidies, the unorganised sector in general and especially some of its components are meeting with growing sickness and slowing down of activities. Removal of quantitative restrictions and reduction of tariffs have also affected their competitiveness in the recent past.

Governments have failed in targeting the growth of the unorganised sector, specifically handloom sector, as the main source for employment generation. Indian government is yet to realise that the handloom sector, to be made viable and competitive under the new circumstances, requires suitable policies and programmes to become more productive and quality conscious.

In its 48th Report, Parliamentary Standing Committee on Textiles says that, "this unorganized sector provides livelihood to millions of weavers and crafts persons. With over 65 lakh persons finding direct employment in weaving and allied activities, the handloom sector plays an important role in the country's economy. This sector accounts for 19 per cent of the total cloth produced in the country excluding wool, silk and handspun yarns which was about 7352 million sq. metres in 1999-2000."

Because the private organised sector has become highly capital intensive and the capital input going to the unorganised sector is relatively declining fast, the Task Force on Ten Million Jobs felt that appropriate programmes and policies should be devised for suitable reallocation of capital in favour of the labour intensive industries and economising the use of capital in the highly capital intensive organised sector (appropriate for a labour surplus, capital scarce economy) to boost the growth and to make 8 per cent growth feasible.

Given this situation, the future strategy on employment should be to encourage the growth of the unorganised sector. Everywhere, even in the most developed countries, the unorganised sector is contributing substantially to employment and is producing goods in a viable environment.

The Task Force on Ten Million Jobs says that: "To sum up, the employment strategy for future, to meet the Plan's employment goals is to encourage the use of labour intensive and capital saving technology, in general and to rejuvenate the growth of the unorganised sector in particular, which at present contributes 92 percent to the country's employment and enjoys more than seven times labour intensity per unit of production, as compared to the organized sector."

In the name of job creation, governments have been spending enormous amounts of funds on employment generation programmes, and mega-industrial development. The total expenditure on the major programmes for wage employment and selfemployment in rural and urban areas increased sharply from Rs.4121.33 crores in 1990-91 to Rs.8697.63 crores in 1999-2000. Government of Andhra Pradesh claims to have created an employment of 8,96,409, with a total investment of Rs.9,977.92 crores. This works out to an investment of Rs.1,11,309.00 per person. It is well known that almost all the employment generation programmes are riddled with corruption, while not yielding even ten percent of the designated achievements. Yet the governments are ready to invest such a huge amount to 'create employment' (because of vested interest groups). They also bring in policies which cause unemployment, and have shown general reluctance in protecting the self employment.

Recent Events

CHIP office inauguration

Sri. L. C. Jain, former Member of Planning Commission and former High Commissioner of India to South Africa, opened the CHIP office formally on 17th February, 2003 at Ramakrishapuram, Chirala.

Handloom Weavers Convention

A Handloom Weavers Convention was organized by CHIP on 17th February, 2003. Apart from a large number of handloom weavers from different districts of the State, this programme was attended by Sri. L. C. Jain, Dr. P. V. Subba Rao, Senior Officer, AP Council for Science and Technology, Hyderabad and Dr. Naresh Sharma, University of Hyderabad, Sri. Nishant Pandey from Oxfam GB, L. Kannan from PPST Foundation, and Sri.Macherla Mohan Rao of Rashtriya Chenetha Karmika Samakhya.

Delegates from different districts spoke on the occasion. Many of them narrated the problems being faced by them, basically arising out of ineptitude, corruption and wrong policies of the government. Handloom

weavers wanted CHIP to bring out information on the government policies, and the trends in the sector. They were of the opinion that handloom weavers need more capacity building programmes which would help them remain competitive and also continue their livelihood.

Upcoming Events

Workshop on Modernization of Cotton Ginning & Pressing Factories

A Workshop on Modernization of Cotton Ginning & Pressing Factories, at Warangal, 4 April 2003 was announced by the Textiles Committee and Technology Mission on Cotton (TMC), Ministry of Textiles, Government of India. This Workshop is being organized in the background of the 100 % census all cotton ginning & pressing factories in the country (4015) spread across 12 states and (315 centers) and mapped technology, product, manpower, financial and infrastructural profiles of these factories. This survey, which was conducted during 2001-02, has revealed useful information on the status of the industry which indicated the need for urgent modernization. A detailed analytical report and comprehensive directory, listing all 4015 cotton ginning & pressing factories in the country, have been brought out by the Committee, based on the survey.

Reductions in Budget Allocations for Handloom sector

Government of India has been continuously reducing budget allocations for the handloom sector over the past several years. This is especially glaring in the last five years. Within the allocation for handloom sector, there are some changes in the head-wise allocation thus reducing the allocations for schemes which would have helped the handloom weavers directly.

In the last six years, budget allocation has been decreasing gradually and continuously, as the Tables here show. A major withdrawal has been the subsidy on Janata cloth. In any case, allocation has been decreasing despite introduction of new

modernization or renovation of looms. Expenditure on these schemes and the efficacy of these schemes in solving the problems of handloom weavers needs to be assessed. It is well known that officials consider mechanization as modernization. One does not come across any renovation of looms on the strength of government funds.

It is also interesting to see the overall budget for the Ministry has been increasing. It almost doubled between 1997-98 to 2002-03. The serious dip in 1999-00 is probably due to complete withdrawal of the subsidy on Janata cloth.

The percentage of Non-Plan allocation has been rising. This reduction in Plan expenditure is

Budget Allocations: Union Ministry of Textiles (in Rs. Crores)							
Year	Handloom Budget			Total Budget			Handloom % of total
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
1997-98	107.00	96.50	203.50	260.00	479.04	739.04	27.5
1998-99	89.80	61.80	151.60	260.00	726.58	986.58	15.3
1999-00	81.80	56.50	138.30	266.00	740.10	1006.10	13.7
2000-01	112.00	53.29	165.29	457.00	754.30	1211.30	13.6
2001-02	116.00	40.50	156.50	650.00	660.30	1310.30	11.9
2002-03	117.00	35.83	152.83	715.00	870.50	1585.50	9.63

scheme of Deendayal Hatkhargha Protsahan Yojana. In fact, three central sponsored schemes have been provided with funds to purchase,

inexplicable, when the Planning commission admits that handloom sector is still the major sector next only to agriculture in rural India. No positive programmes are being included in the Plans. It remains to be seen whether the Tenth Plan would give any scope for handloom weavers to look for.

Rise in budget for powerlooms and other schemes essentially mean that handloom is no longer considered as the mainstay of the Ministry of Textiles's work. There is a clear divergence from the pronouncements and budget allocations. Handloom sector is being 'weakened' by reductions in budget allocations and further by

for the next year was further reduced. Thus, it has been a gradual reduction.

There is drastic revision for the year 1997-98, from 27.5 percent to 15.9 percent. The trend continues for the following years. This would mean that over and above the reduced allocation,

government has failed in utilizing the allocating funds fully and properly. In addition, the ubiquitous presence of corruption, false/bogus claims and non-directional spending have essentially meant

that handloom weavers do not get any benefits from the government, through allocations.

Revised Budget in Rs. crores							
Year	Handloom Revised			Total Revised			Handloom % of Total
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
1997-98	96.39	78.37	174.76	250.00	842.26	1092.26	15.9
1998-99	80.72	58.06	138.78	240.88	766.62	1007.50	13.7
1999-00	78.25	46.92	125.17	260.45	817.27	1077.72	11.6
2000-01	85.00	45.65	130.65	408.30	818.82	1227.12	10.6
2001-02	95.77	30.67	126.44	610.00	816.33	1426.33	8.86

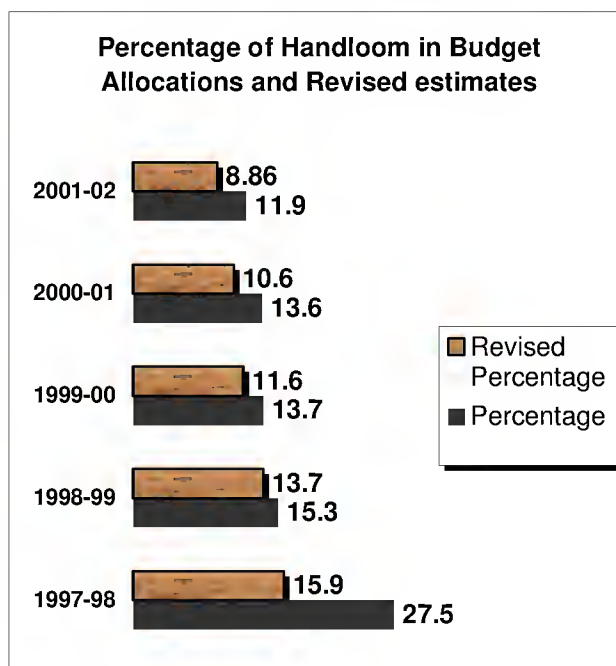
active promotion of powerlooms and mills.

Probably in reaction to this trend, said the Department-related Parliamentary Standing Committee on Commerce, Forty- Eight Report on Demands for Grants (2001-2002-Demands No.76) of Ministry of Textiles, "The Ministry should evolve a strategy through which the individual handloom weavers are brought under cooperative fold as most of the existing schemes generally benefit those weavers only who fall under the ambit of cooperatives.

To further this end, a concerted effort should be made to popularize Work-shed-cum Housing Scheme for handloom weavers. The allocations for it should be increased substantially so that handloom weavers living near the sub-urban areas are provided with workshops, along with the houses. Cooperative housing also should be encouraged so that the workshops available to them are so modernized that they can compete with others in the realm of quality & productivity."

In fact, rise in Non-Plan budget is also seen across all major heads of Ministry's budget.

Further, while there is continuous reduction in the allocations for handlooms, utilization of the allocation is also not proper, as revised estimates show. Revision is always downward varying between 10 to 20 percent. Cumulatively, after reduction in allocations and 'revision', allocation



Overall, it can be seen that government seems to be following the recommendations of the World Bank and Satyam Committee. However, apart from the intention to 'modernise' handloom sector, government has not yet announced any clear and specific policy of 'burying' the handloom sector. But the budget allocations clearly show that government is no longer interested in promoting

handlooms. Interestingly allocations were higher when the government has not levied/taxed the sector.

As the Budget 2003-04 envisages taxes on hank yarn and various measures which amount to taxation of the sector, government is reducing the allocations. Are we moving towards a governance principle where government gives itself the right to tax, while refusing to take responsibility of the economic and social obligations from the particular sector? Or is this a particular method of reversing the social justice and promotion of equity?

Handloom from the past

Excerpts from the Mysore State Gazetteer on Tumkur District, 1969

"Handloom weaving is an important occupation of a considerable number of families in the rural areas of the district. It is learnt that there are more than 9,000 registered handlooms in the district, of which about 33 percent are engaged in cotton-weaving, 25 percent in silk-weaving and 42 percent in woolen weaving. While the cotton weaving industry has provided employment to about 3,000 families, the silk-weaving industry has provided whole-time employment to about 1,700 persons and part-time employment to about 5,000 persons. Nearly 80 percent of these handloom shave been brought into the cooperative fold. In this connection, it may be pointed out that the handloom sector accounts for more than 50 percent of the total production in the entire village and cottage industries sector in the district.

Though the cotton handloom-weaving industry is scattered all over the district, it is mainly concentrated in Halepalya in Tiptur taluk, Gubbi, Kallur and Somalapura in Gubbi taluk, Mavinakere in Turuvekere taluk and Y. N. Hoskote and Gangasagara in Pavagada taluk. There are about 3,000 families, belonging mainly to the Devanga community, engaged in this industry. In 1964, there were 3,170 registered cotton looms in the district, of which 2,416 were in the cooperative fold. Sarees in counts of 20s, 30s and 40s, chaddars, bedsheets and dhotis are the important items produced in the handloom sector. However,

about 80 percent of the products are accounted for by sarees of lower counts. Turuvekere taluk is noted for its cotton checks.

Generally fly shuttle pitlooms are used. Pitlooms of the antiquated throw-shuttle type are also used to small extent in certain places. Dobbies are used according to the type of weaving. Framelooms, take up motion attachments and pedal looms are very rare.

The raw materials required for the cotton handloom-weaving industry are cotton yarn, art silk and silk for borders, colours and chemicals. These materials are mainly obtained from Bangalore. About 25 to 30 percent of the requirements of the handlooms in the cooperative sector are obtained through the Apex cotton Handloom Society at Bangalore and the balance by direct purchases through usual trade channels. It is estimated that cotton fabrics worth about Rs.12 lakhs are produced annually by the cotton handlooms in the district.

There were 18 cotton handloom weavers' cooperative societies in the district in 1967 with a total membership of 2,757 and a loomage of 2,807. Their total paid-up share capital was about Rs.47,000."

Weaver's Voices

Adilakshmi and Munagala Venkatasubbaiah, with two boys and one girl, belong to a traditional weaving family living in Eethamukkkala village, Kothapatnam revenue mandal in Prakasam district of Andhra Pradesh. This village is known for handloom industry. Venkatasubbaiah used work for 12 hours per day to weave plain cloth of 25 yards which takes about five days and pre-loom processing consumes another couple of days. For this, he gets paid Rs.280. Thus, he would earn Rs.1020 per month, which works out to Rs.34 per day.

This was bare enough to sustain the family needs. But the situation deteriorated further with liberalization, dereservation and economic reforms. Handloom industry increasingly faced unfair competition from powerlooms and mills. Adilakshmi was forced to seek work as

agricultural labour to earn Rs.25 per day. Yet they could not provide sufficient food for their children. Adilakshmi used to forego her dinner to feed the children, without the knowledge of her husband. Her elder son did notice that his mother was not joining them for dinner and understood the problem of scarcity. He decided not to attend the school. Eventually this impacted on her health; only then Venkatasubbaiah came to know of her 'sacrifice'. The third child did not get proper nutrition because of Adilakshmi's burden of work and emaciated condition, and was always 'sick'. This became a burden on the family. As the agricultural labour work was not available all the time, Adilakshmi could not earn many times.

Considering their conditions, the family decided to migrate to Chirala in pursuit of better employment prospects. Eldest son was employed at the age of 12 years in a hardware shop to earn Rs.400 per month. This income of the child was used to repay loans. They paid Rs.200 for house rent, Rs.150 for electricity and Rs.50 to clear the loans, out of a total income of Rs.1500. The balance was not sufficient to cater to the food and clothing needs of the family, leave alone the emergencies. Due to improper food intake and lack of nutrition, health problems persist.

Presently, with further 'liberalisation', this family has no hopes of sustaining their present income, leave alone improving upon it, as handloom sector is further pushed into a deeper crisis by the shift in government policies, reduced allocations and deliberate strategies to kill the sector in favour of exports and 'big' corporations. It is no wonder for Adilakshmi and her family they have reached the end of the road.

Prithvi Venkateshwarlu lives with his wife, one son and three daughters in a small workplace-cum-shed. They migrated to this place, after selling their house for Rs.4,000, to meet medical emergency. He and his wife work on two looms separately. None of the children have good education. His son finished 8th class in school, while the youngest daughter finished 3rd class. Presently, he works in a jute mill for Rs.1,000 per month. Elder daughter was married recently. In total, the family earns Rs.2,500 per month. This is sufficient enough to pay for the house rent and food. This family is in no position to get their children educated. Either they have to learn the same skills from their parents or look for odd jobs,

“The gross income per handloom establishment were Rs.1790 and Rs.2125 respectively in 1956-57 and 1961-62. The corresponding expenses were Rs.1161 and Rs.1281. The net income per cooperative member household increased by 58 percent as against 22 percent and 15 percent in case of outworkers and independent household respectively” (Source: Study of Handloom Development Programme, 1967, PEO Study No.61, Planning Commission, New Delhi)

which invariably mean hard work and less wages.

Both these families and many other families are in a similar situation - not able to feed their children properly, unable to get them educated for better living prospects and not in a position to encourage them to live on handloom weaving. The situation is much worse for girls and women. It is this misery and impoverishment which is forcing handloom weavers to migrate from their own lands, professions, and/or commit suicides.

Book Post (Printed Matter Only)
